

Chairman Miller and Members of the Subcommittee:

We appreciate your invitation to testify today regarding the National Cemetery Administration and related burial benefits. The International Cemetery and Funeral Association represents over 6,500 members including non-profit, for-profit, religious and municipal cemeteries, as well as funeral homes, crematories and related businesses primarily in the United States and in 24 foreign countries. Founded in 1887, the ICFA promotes open competition, consumer choices, and prearrangement. I serve in a volunteer capacity as ICFA Vice President of Products and Services, and as Chairman of the Federal Affairs Subcommittee. I am President and CEO of Evergreen-Washelli Funeral Home and Cemetery in Seattle, Washington. Prior to this I served as Executive Director of both the Washington State Cemetery Board and the Washington State Funeral Directors and Embalmers Board. I am a founder of the North American Cemetery Regulators Association.

### **The National Cemeteries Act**

The National Cemeteries Act (P.L. 93-43) was enacted in 1973, which formally established the system that is now known as the National Cemetery Administration. Currently, we understand that there are 120 national cemeteries that are administered by the VA. With respect to maintenance obligations, the ICFA notes that cemeteries in the private sector are required by law in all 50 states to establish and maintain endowment care trust funds, sometimes called perpetual care, in order to provide an ongoing source of income for the continued maintenance needs of the cemetery. It has been said that a cemetery is the only business required to service what it provides forever. This rule

applies whether a cemetery is for-profit or non-profit, and extends to the maintenance obligations of the national cemeteries as well. The ICFA applauds the efforts of Chairman Miller to appropriate more funding for the NCA to address the 928 restoration and repair projects identified in the 2002 Logistics Management Institute report. Similar to the challenges faced by the private sector cemeteries, we can confirm that the necessary ongoing maintenance expenses to preserve our nation's veterans cemeteries as shrines will only increase in future years. Due to this fact, we are concerned that obtaining the necessary funding for these expenses, through the annual Congressional appropriations process, forces the NCA to compete with priorities in other departments and continually subjects the NCA to the uncertainties of obtaining adequate maintenance funding each year.

The ICFA respectfully suggests the consideration of adapting the endowment care trust concept to supplement NCA annual appropriations. By this method, a certain amount would be irrevocably deposited into trust, the income from which would be applied to some of the maintenance needs of the national cemeteries. Since the principal would never be spent or withdrawn, a relatively steady source of income would always be available to serve the obligations of the NCA. Some private cemeteries have developed a method of financial forecasting to estimate the amount of income needed to be generated by the trust in future years, given the current maintenance expenses of the cemetery, and factoring in the effects of inflation, and increases in labor and equipment costs. The ICFA would be pleased to assist this subcommittee or the NCA should there be an interest in pursuing this concept.

### **Related Burial Benefits**

When P.L. 93-43 was enacted, Congress acknowledged that national cemeteries did not operate in a vacuum, but complemented other resources for burial or final disposition that are available in private, religious, and municipal cemeteries. Specifically, the law included a plot allowance of \$150 to benefit the many veterans and their families who preferred interment in non-governmental cemeteries for personal or religious reasons. Typically, family members may already have been interred in a private cemetery and the veteran or his/her next of kin wished burial at this site. The plot allowance facilitated this choice and provided a burial benefit to veterans who chose not to opt for burial in a national cemetery. Cost-wise, the plot allowance also discharged the government's obligation to veterans who wished burial in a private or religious cemetery through a cost-effective means that did not entail the obligation to maintain the gravesite in perpetuity. Given these advantages, chief among which was that the plot allowance addressed the needs of these veterans, the ICFA was dismayed when in 1990 Congress decided to curtail this benefit as it applied to private sector cemeteries.

A related burial benefit, the marker cash reimbursement allowance, was also eliminated in 1990. This benefit likewise addressed the wishes of veterans who preferred interment in private and religious cemeteries by paying them the cash equivalent of the wholesale cost of a government-provided marker. Similar to the plot allowance, the marker allowance was a cost-effective way to provide burial benefits without entailing the long term costs of maintenance obligations for these benefits. The ICFA believes that elimination of the plot and marker allowances as applied to burial in private and religious

cemeteries may have led to a forced reliance on national cemeteries by veterans and their families who, given the choice, would have opted for private interment with the modest assistance of these allowances. In the Subcommittee's review of burial benefits, we respectfully urge you to consider reinstating these two benefits that served our veterans so well for many years. We also recommend that consideration be given to raising the amount of the plot allowance from \$150, the amount originally provided in 1973, to at least \$250.

In conclusion, we appreciate your allowing us to testify today and I would be happy to answer any questions you may have. Thank you.

## Curriculum Vitae

### **PAUL M. ELVIG**

President & CEO

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## Professional Background

- 2004 – date    President and Chief Executive Officer
- 1990 - 2004    Vice President of Administration - Evergreen-Washelli Memorial Park and Funeral Home.
- 1,600 case per year funeral home
  - 1,700 burials per year endowment care cemetery
  - 850 case per year crematory
  - 95-102 employee facility
- Portfolio
- At-need (where death has occurred) sales and service
  - Governmental and legal affairs
  - Employee & customer dispute resolution
- 1994 - date    International Cemetery and Funeral Association – Board of Directors
- Portfolio
- Vice President – Products and Services
  - Vice President – Industry Relations 3-years
  - Vice President – Membership 2-years
  - Industry spokesperson before the Senate Special Committee on Aging – hearing April 2000 – Washington DC
  - Industry spokesperson before the Federal Trade Commission – November 1999 and June 2002 – Washington DC
- 1991 - 1999    Washington State Cemetery and Funeral Association – Board of Directors
- Portfolio
- President (94-96)
  - Testimony before various committees of the Washington and Idaho legislatures ... licensing/oversight issues
  - Revised Code Of Washington review and legislative recommendation
- 1978 - 1990    Department of Licensing – Program Manager
- Portfolio

- Cemetery Board (78-90)
  - o Brought criminal and administrative charges against offenders – jail time for two
  - o Re-wrote and organized Revised Code of Washington, submitted same to the 1987 session of the Legislature – passed & signed intact by Governor Gardner
  - o Audited all state endowment care and pre-arrangement trust funds
  - o Investigated and processed all consumer complaints
- Funeral Directors and Embalmers Board (88-90)
  - o Licensed all funeral directors and embalmers
  - o Issued all establishment and pre-arrangement sales licenses
  - o Redesigned the state board examination tests
  - o Developed board Washington Administrative Codes regarding standards
  - o Brought unprofessional conduct charges against licensed parties (4)

1987 – 1989 National Cemetery Regulators Association – President  
Portfolio

- Federal Trade Commission hearings representative 1988
- Nationwide pre-paid, out-of-state stored merchandise on-sight audits (Minnesota, South Carolina and Arkansas)

1969 – 1987 Greenacres Memorial Park and Funeral Home, Ferndale, WA – Manager (78-87 duties split between state board and Greenacres)

- 300 case per year endowment care cemetery
- 150 case per year funeral home

1969 – date Unique Funeral/Cemetery industry activities

- Supervised over 40 “permitted” disinterments in Whatcom County
- Re-constructed destroyed cemetery records from the ‘50s & ‘60s for bankruptcy proceedings
- Directed by a federal court to oversee 100 plus disinterments at Highland Memorial Park – Everett – bankruptcy proceedings
- 1981 & 1996 “Person-of-the-Year” recipient – Washington State Cemetery and Funeral Association

**STATEMENT REGARDING FEDERAL GRANT OR CONTRACT**

Neither Paul M. Elvig, nor Evergreen-Washelli Memorial Park and Funeral Home, nor the International Cemetery and Funeral Association, have received any Federal grant or contract during the current or previous two fiscal years.